



Patrick W. Henning, Director



Arnold Schwarzenegger
Governor

April 17, 2008
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Mr. Robert Lanter, Executive Director
Workforce Development Board of Contra Costa County
2425 Bisso Lane, Suite 100
Concord, CA 94520

Dear Mr. Lanter:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the Contra Costa County Local Workforce Investment Area's (Contra Costa LWIA) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting.

This review was conducted by Mr. Gerald Lee and Mr. David Jansson from November 5, 2007 through November 9, 2007.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by the Contra Costa LWIA with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with the Contra Costa LWIA representatives, and service provider staff. In addition, this report includes the results of our review of selected case files, the Contra Costa LWIA's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on February 7, 2008, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed finding 4 cited in the draft report, no further action is required at

this time. However, this issue will remain open until we verify your implementation of your stated corrective action plan during a future onsite review. Until then, this finding is assigned Corrective Action Tracking System (CATS) number 80052.

Conversely, the Contra Costa LWIA did not adequately address findings 1, 2, 3, 5, and 6 cited in the draft report, and we consider these findings unresolved. We request that the Contra Costa LWIA provide the Compliance Review Division (CRD) with additional information and/or a corrective action plan (CAP) to resolve the issues that led to the findings. Therefore, these findings remain open and have been assigned CATS numbers 80049, 80050, 80051, 80053, and 80054.

BACKGROUND

The Contra Costa LWIA was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, no allocated WIA funding has been expended. However, for PY 2006-07, the Contra Costa LWIA was allocated: \$1,739,183 to serve 302 adult participants; \$1,523,204 to serve 734 youth participants; and \$1,747,111 to serve 275 dislocated worker participants.

For the quarter ending September 30, 2007, the Contra Costa LWIA reported the following expenditures for its WIA programs for PY 2006-07: \$1,726,445 for adult participants; \$919,985 for youth participants; and \$1,532,757 for dislocated worker participants. In addition, the Contra Costa LWIA reported the following enrollments for PY 2006-07: 326 adult participants; 386 youth participants; and 310 dislocated worker participants. We reviewed case files for 30 of the 1,022 participants enrolled in the WIA program as of November 5, 2007.

PROGRAM REVIEW RESULTS

While we concluded that, overall, the Contra Costa LWIA is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: Monitoring, on-the-job training (OJT) tracking, grievance and complaint, follow-up, supportive services reporting, and a questionable supportive service charge. The findings that we identified in these areas, our recommendations, and the Contra Costa LWIA's proposed resolution of the findings are specified below.

FINDING 1

Requirement: 20 CFR 667.400(c)(1), and 667.410(a-b) state, in part, that each recipient and subrecipient must regularly monitor WIA grant supported activities and those of its subrecipients and contractors. Such monitoring must ensure that established procedures and policies achieve program quality and outcomes to meet the objectives of WIA law and regulations.

WIA Directive WIAD00-7 states, in part, that the local Workforce Investment Board shall monitor and oversee activities of a subrecipient in accordance with a local plan established pursuant to WIA 118 at least once each program year. The monitoring of subrecipients must follow a standardized review methodology that will result in written reports which, record findings, any necessary corrective actions, and due dates for the accomplishment of the identified corrective actions.

The Contra Costa Workforce Development Board (WDB) Monitoring Policy and Procedure Manual states, in part, that onsite monitoring visits of all service providers or training sites will be made twice each program year.

Observation: We found that the Contra Costa LWIA's monitoring of its subrecipients is incomplete. Specifically, in PY 2005-06, the Contra Costa LWIA neither specified due dates for requested corrective action contained in its monitoring report of Pittsburg Pre-School nor did they follow-up on requested corrective actions.

Recommendation: We recommended that the Contra Costa LWIA provide a CAP to the CRD explaining how it will ensure that it will specify corrective action due dates for findings identified in its subrecipient monitoring reports and follow-up to ensure that recommended corrective action for the PY 2005-06 Pittsburg Pre-School monitoring review is completed.

LWIA Response: The Contra Costa LWIA stated it developed and implemented a new monitoring report template for use in subrecipient monitoring. The new template includes a section for timelines and due dates associated with corrective action and will be used for all PY 2008-09 subrecipient monitoring. The Contra Costa LWIA contacted Pittsburg Pre-school and expects to receive documentation of requested corrective action no later than February 28, 2008.

State Conclusion: Based on the Contra Costa LWIA's response, we cannot resolve this issue at this time. Although the Contra Costa LWIA stated that it developed a new monitoring tracking system that includes a section on timelines and due dates associated with the corrective action, the Contra Costa LWIA has not conducted the required follow-up activity on requested corrective action, from the Pittsburg Pre-school. This required corrective action was the result of the Contra Costa LWIA's monitoring finding for PY 2005-06.

The Contra Costa LWIA's proposed corrective action to begin using its new monitoring tracking system for PY 2008-09 subrecipient monitoring completely ignores any subrecipient monitoring completed in PY 2006-07 and PY 2007-08. Therefore, the Contra Costa LWIA's proposed CAP is insufficient to resolve this finding. We recommend that the Contra Costa LWIA conduct the necessary follow-up activity on the open monitoring finding(s) on Pittsburg Pre-school. In addition, we recommend that the Contra Costa LWIA apply its new monitoring tracking to identify findings in PY 2006-07 and PY 2007-08. Until then, this issue remains open and has been assigned CATS number 80049.

FINDING 2

Requirement: WIA 195(4) and 20 CFR 663.700(b) states, in part, that the local program must not contract with an employer who has previously exhibited a pattern of failing to provide OJT participants with continued long-term employment with wages, benefits, and working conditions.

Observation: The Contra Costa LWIA has no method to track participants and employers after an OJT assignment has ended. Although the participants successfully completed the OJT assignments, the Contra Costa LWIA has no process to determine if participants continued in their employment with the employer or if they were terminated shortly afterwards.

Recommendation: We recommended that the Contra Costa LWIA submit a CAP, with a timeline, to CRD explaining how it will track the employment status of participants who complete OJT assignments in order to determine if the employers are providing participants with long-term employment.

LWIA Response: The Contra Costa LWIA believes it complied with the requirement by not contracting with employers that exhibited a pattern of failing to provide OJT participants with continued long-term employment. It also states that the State did not cite an instance where it found that the LWIA had contracted with a prohibited employer.

State Conclusion: Based on the Contra Costa LWIA's response, we cannot resolve this issue at this time. The regulation cited above states that the local program must not contract with an employer who fails to provide OJT participants with continued long-term employment. We found no evidence that the LWIA formally determines if any of its OJT employers ever exhibited a pattern of failing to provide OJT participants with continued employment. As a result, the LWIA does not have a system to detect any patterns and therefore runs the risk of repeatedly contracting with OJT employers who fail to retain participants in continued employment. Therefore, we again recommend that the Contra Costa LWIA submit a CAP, with a timeline, to CRD explaining how it will track the employment status of participants who complete OJT assignments in order to determine if the employers are providing participants with long term employment. Until then, this issue remains open and has been assigned CATS number 80050.

FINDING 3

Requirement: 20 CFR 667.600 states, in part, that the local area must provide information about its programmatic grievance and complaint procedures to participants and other interested parties.

29 CFR 37.29(a)(2) states, in part, that a recipient must provide initial and continuing notice that it does not discriminate on any prohibited ground. This notice must be provided to participants.

WIA Directive (WIAD03-12) requires, in part, that the local grievance and complaint procedures and instructions on how to file a complaint must be included in each participant's file.

Observation: We observed that all 30 case files contain the participant's signed acknowledgement of rights to file a grievance and complaint.

However, the Contra Costa LWIA's grievance and complaint procedures do not provide:

- A withdrawal policy;
- Assurance that a participant is free from restraint, coercion, reprisal, or discrimination;
- A person who files the complaint may request a hearing with Employment Development Department if no decision has been issued at the LWIA level within the 60-day time limit.
- Any technical assistance to the complaints, including those grievances or complaints against the LWIAs. At all levels of the process, complainants have the right to be represented, at their own expense, by a person(s) of their choosing; and
- A State appeals address.

Recommendation: We recommended that the Contra Costa LWIA provide a CAP, including a timeline, to CRD to ensure that an updated copy of its grievance and complaint procedures with all WIAD03-12 elements are provided to all active participants and a copy is included in each active participant's case file. In addition, we recommended that the CAP also address how the Contra Costa LWIA will ensure, in the future, that a copy of the grievance and complaint procedures is included in future participant's case file.

LWIA Response: The Contra Costa LWIA stated that it has updated its grievance and complaint procedures to comply with all elements required by WIAD03-12. The Contra Costa LWIA provided an updated copy of the procedures to their subrecipients for inclusion in future participant case files.

State Conclusion: Based on the Contra Costa LWIA's response, we cannot resolve this issue at this time. We reviewed the Contra Costa LWIA's grievance complaint form and found that the language does not reflect the elements required in WIAD03-12. Specifically, the form states that "Each participant is free to make choices about their participation in WIA services. Once enrolled, you may withdraw from services. Your rights include freedom from restraint, coercion, reprisal, or discrimination. "

The above language lacks specific wording indicating a participant can withdraw their grievance and complaint. Instead, the form states that participants may withdraw from services.

Finally, the Contra Costa LWIA did not provide a CAP to ensure that an updated copy of its grievance and complaint procedure is provided to all active participants and a copy is maintained in each active participant's case file. The CAP addresses future participants and ignores current participants.

Therefore, we recommend that the Contra Costa LWIA modify its grievance and complaint procedures to address its withdrawal policy for grievances and complaints and provide a CAP, including a timeline, to CRD to ensure that an updated copy of its grievances and complaints procedures with all WIAD03-12 elements are provided to all active participants and a copy is included in each active participant's case file. Until then, this issue remains open and has been assigned CATS number 80051.

FINDING 4

Requirement:

20 CFR Section 667.300(b)(1) states, in part, that a state or other direct grant recipient may impose different forms or shorter formats, shorter due dates, and more frequent reporting requirements on subrecipients.

WIAD04-17 states, in part, that follow-up contact information is mandatory for four quarters after a client's exit unless specified otherwise in the entity's contract. A follow-up contact is a check to determine a client's employment and educational status after exiting the WIA program.

Observation:

We observed that seven of 11 San Pablo participant case files, in which the participants were exited, did not contain the required follow-up for all or some of the four quarters after exit. Specifically, all seven participants had their first follow-up conducted from eight months to a year after the participant exited. In addition, we found four of the seven participants had two quarters reported on the same day; two out of the seven participants had three quarters reported on the same day; and one of the seven participants had no follow-up for first and second quarter.

Recommendation: We recommended that the Contra Costa LWIA develop a CAP with a timeline to ensure that, in the future, quarterly follow-up is conducted as required after exit.

LWIA Response: The Contra Costa LWIA stated that this issue occurred at only one of the One-Stop Centers during a time of significant staff transition and turnover. The Contra Costa LWIA maintains that the seven files noted under this finding are unusual and not indicative of the normal follow-up policies and procedures. The One-Stop staff has written policies and procedures for conducting follow-up. In addition, the One-Stop Center managers conduct periodic case file reviews for quality control. The Contra Costa LWIA would include a specific review of follow-up during the local monitoring for PY 2008-09.

State Conclusion: The Contra Costa LWIA's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, the Contra Costa LWIA's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80052.

FINDING 5

Requirement: WIA 185(c)(2) states, in part, that each local board and each recipient receiving funds shall maintain comparable management information systems designed to facilitate the uniform compilation and analysis of programmatic, participant, and financial data necessary for monitoring and evaluating purposes. In addition, WIA 185(d)(1)(B) states, in part, that information to be included in reports shall include information regarding the programs and activities in which participants are enrolled, and the length of time that participants are engaged in such programs and activities.

WIAD04-17 states, in part, that all recipients of WIA funds will submit client data via the JTA system, complying with the specifications for each data field. Additionally, this directive defines activity codes for the enrollment forms.

Observation: We observed a case file that showed the participant enrolled in supportive services, but there was no documentation in the case files to support that the participant received these services.

Recommendation: We recommended that the Contra Costa LWIA provide CRD with a CAP and a timeline explaining how it will maintain adequate documentation in the case files to substantiate that participants received WIA supportive services. In addition, we recommended that the Contra Costa LWIA provide adequate support documentation that the identified participant received supportive services.

LWIA Response: The Contra Costa LWIA stated that it provided CRD with its policies and procedures for maintaining adequate documentation in the case files to substantiate that participants receive WIA supportive services. For the case file in question, the Contra Costa LWIA will make modifications as needed based on actual services received.

State Conclusion: Based on the Contra Costa LWIA's response, we cannot resolve this issue at this time. We did not receive any documentation indicating if the above case had been reviewed or if any action has been taken to ensure the case file contains accurate supportive services information. We recommend that Contra Costa LWIA provide CRD with the results of its review and the actions taken to update or correct the supportive services information in the participant case file. Until then, this issue remains open and has been assigned CATS number 80053.

FINDING 6

Requirement: OMB Circular A-87, Attachment A, Section (C)(2) states, in part, a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

Observation: We observed a case file that showed the participant was paid twice for the same book from supportive services. Specifically, we found a book that was required for a sociology class, amounting to \$52.23 that was charged twice from two different receipts for the participant's supportive service reimbursement.

Recommendation: We recommended that the Contra Costa LWIA provide documentation to demonstrate that the above-mentioned cost for one of the identified books was backed out of the WIA account.

LWIA Response: The Contra Costa LWIA stated that it would provide documentation to demonstrate that the cost for the one identified book was backed out of the WIA account.

State Conclusion: Based on the Contra Costa LWIA's response, we cannot resolve this issue until we receive sufficient documentation indicating that the identified book was backed out of the WIA account. Therefore, we again recommend that the Contra Costa LWIA provide documentation to demonstrate that the above-mentioned cost for the identified book was backed out of the WIA account. Until then, this issue remains open and has been assigned CATS number 80054.

In addition to the findings above, we identified conditions that may become compliance issues if not addressed. Specifically, we observed that the Contra Costa LWIA was unaware of an update that required the removal of the following forms as acceptable documents on the Immigration and Naturalization Service (INS) Form I-9 for a participant's right-to-work (RTW) in the United States (US): Certificates of US Citizenship and Naturalization, an unexpired re-entry permit, and an unexpired refugee travel document. We suggested that the Contra Costa LWIA update its INS Form I-9 to reflect current RTW documentation requirements. The Contra Costa LWIA's response did not address our concern.

Furthermore, the Contra Costa LWIA has not appointed adequate labor union representatives to the Workforce Investment Board (WIB) to ensure that labor union representation equals 15-percent of the WIB members or provided documentation indicating that local board members are not able to nominate enough members as required by WIAD06-21. We suggested that the Contra Costa LWIA continue its efforts to fulfill the labor union representation as required in WIAD06-21. The Contra Costa LWIA's response did not address our concern.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Division. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than May 15, 2008. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Division
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is the Contra Costa LWIA's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain the Contra Costa LWIA's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Mr. Gerald Lee at (916) 654-8270.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jessie Mar".

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Ron Addy, MIC 50
Shelly Green, MIC 45
Jose Luis Marquez, MIC 50
Dathan O. Moore, MIC 50